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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/282,157	03/31/1999	SAM E. KINNEY, JR.	046700-5005	8245

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EXAMINER

BASHORE, ALAIN L

ART UNIT	PAPER NUMBER
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1762

DATE MAILED: 06/30/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/282,157

Applicant(s)

KINNEY, JR. ET AL.

Examiner

Alain L. Bashore

Art Unit

1762

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 03 March 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-22, 25 and 74 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-22, 25 and 74 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 1-20 are rejected under 35 U.S.C. 101 as non-statutory because the method claims as presented do not claim a technological basis. Without a claimed basis, the claims are interpreted as involving no more than a manipulation outside of a technological art and therefore non-statutory under 35 U.S.C. 101.

In contrast, a method claim that includes in the preamble and body of the claim structural / functional interrelationships that are solely by computer (and non-trivial) are considered to have a technological basis and thus within the technological arts [See *Ex parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) – used only for content and reasoning since not precedential].

Claims which are broad enough to read on statutory subject matter and on nonstatutory subject matter are considered nonstatutory [see *In re Lintner*, 458 F.2d 1013, 1015, 173 USPQ 560, 562 (CCPA 1972)].

Regarding this claims as now presented, there is only a recitation to “computer implemented” in the preamble. Since no recitation is made in the body of the claims as to which step or steps are computer implemented, it is unclear what is the technological basis for the claims.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-4, 6-7, 9-14, 16-17, 19-22, 74 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel (383) in view of Popolo in further view of Douglas.

Ausube (383) discloses a method, system, and computer program product on computer useable medium of conducting an electronic online auction between a plurality of potential bidders, the plurality of potential bidders competing for a lot (i.e. mutiple objects together; col 4, lines 29-39) having at least one product (col 2, lines 51-67; col 3, lines1-67; col 4, lines 1-29). Participants of the online auction include a sponsor and at least two potential bidders competing for award of a lot (col 3, lines 1-5). Multiple bid information is received for a lot from multiple bidders (col 2, lines 61-62).

The received first bid information represents a first bid that is originally defined in a context of the first bidder (col 4, lines 5-10). Information reflective of the submitted first

Art Unit: 1762

bid is stored, the stored information enabling a relative comparison of submitted bids (col 6, lines 11-27). Since multiple bidders and multiple bids are transmitted, and second bid information is transmitted.

Ausubel (383) discloses performing a non-linear transformation (col 8, lines 1-19) using a lookup table (col 8, line 5). Since Ausubel (383) teaches performing his demand curve using a look-up table with a non-increasing constraint (i.e. linear), there is disclosed performing a combination of linear, non-linear, and look-up table transformations simultaneously (col 8, lines 15-19).

Ausubel (383) discloses functional equivalence to "common competitive basis" because he teaches basis for auctions that require common-value component of valuation and the competitive nature of bids in general (col 1, lines 22-25).

The system claims are understood to be apparatus.

Ausubel (383) does not explicitly disclose:

enabling a second bidder to view or display a bid originally defined in a context of said first bidder in said context of said second bidder as a relative comparison; and

enabling a bidder to view or display a bid originally defined in a context of a bidder in a context of the buyer;

generating de-transformed bid information not previously transformed
which is transmitted to a second bidder;

performing a linear transformation having at least one of a multiplicative
adjustment and an additive adjustment; and,

a received bid price (untransformed bid information), specified in a local currency
of said first bidder which is converted (generating a transformed bid using first bid
information) to yield a base currency bid price.

Popolo discloses a received bid price (untransformed bid information), specified
in a local currency of said first bidder which is converted (generating a transformed bid
using first bid information) to yield a base currency bid price (col 4, lines 20-45). There
is also disclosed enabling a bidder to view or display a bid originally defined in a context
of a bidder in a context of the buyer (col 2, lines 4-12). A second bidder may view or
display a bid originally defined in a context of said first bidder in said context of said
second bidder as a relative comparison (col 14, lines 50-54; col 15, lines 1-60; col 16,
lines 1-24). De-transformed bid information not previously transformed is transmitted
(col 14, lines 18-25).

The reference to Popolo discloses viewing various bids, and since these bids
may be viewed by changing the display information (i.e. conversions) there is "context"
as broadly understood. Since multiple bidders are disclosed, transmission of multiple
bidders is shown.

It would have been obvious to one with ordinary skill in the art to include a received bid price (untransformed bid information), specified in a local currency of said first bidder which is converted (generating a transformed bid using first bid information) to yield a base currency bid price to Ausubel (383) because Popolo teaches convenience for comparison purposes (col 2, lines 2-7).

It would have been obvious to one with ordinary skill in the art to enabling a second bidder to view or display a bid originally defined in a context of said first bidder in said context of said second bidder as a relative comparison to Ausubel (383) because Popolo teaches that bidders may require changing bids (col 15, lines 24-27).

It would have been obvious to one with ordinary skill in the art to include enabling a bidder to view or display a bid originally defined in a context of a bidder in a context of the buyer to Ausubel (383) because of what is taught by Popolo. Popolo teaches that context definition is important to reduce time and expense by increasing coordination between buyers and sellers. (col 1, lines 14-67; col 2, lines 1-12).

It would have been obvious to one with ordinary skill in the art to transmit detransformed bid information not previously transformed to Ausubel (383) because Popolo teaches bidders may by-pass normal procedures to present bid information for consideration (col 14, lines 20-22).

The term "context" is taken in the broadest definition of the term to mean something viewed in light of something else. Utilizing the broadest definition of the term, any review of a past bids (by others) is defined in "context" of the first bidder when viewed by a second bidder.

While Ausubel (383) discloses various bidders and buyers that are different, and contextual changes between parties, Ausubel (383) does not further explicitly disclose a bidder to view in one context a bid that was originally submitted by a different bidder in a different context.

Douglas discloses a user viewing in one context a document that was originally submitted by a different user in a different context (col 1, lines 39-67; col 2, lines 1-25).

It would have been obvious to one with ordinary skill in the art to include a bidder to view in one context a bid that was originally submitted by a different bidder in a different context because Douglas teaches the desirability to edit or add comments to textual information (col 1, lines 15-25).

Both Douglass and Ausubel (383) are considered within the same broad related art endeavor of textual information processing.

Art Unit: 1762

5. Claims 5, 15, 25, and 35 are rejected under 35 U.S.C. 103(a) as unpatentable over Ausubel (383) in view of Popolo in further view of Douglass as applied above, and further in view of (Walsh and Walker et al (207)).

Ausubel (383), Popolo, and Douglass do not disclose transforming a received price per physical measure of weight or volume of coal into a standardized unit of value to the buyer of coal using multiplicative adjustments and additive adjustments based upon one or more of the thermal content, percentage sulfur, percentage ash, percentage water, and hardness of coal of said first bidder.

Walsh discloses coal and its intrinsic value for low ash and sulphur content (col 1, lines 1-49).

It would have been obvious to one with ordinary skill in the art to include transforming a standardized unit of value to the buyer of coal based upon percentage sulfur because of what is taught by both Walsh and Walker et al (207). Walker et al (207) teaches coal as a commodity which can be auctioned (col 2, line 54) and Walsh teaches a basis to evaluate intrinsic value of coal.

Further Explanation Regarding 35 U.S.C 101 – Technical Basis

6. As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held

Art Unit: 1762

that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the

Art Unit: 1762

presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Response to Arguments

7. Applicant's arguments filed 3-3-05 have been fully considered but they are not persuasive.

The newly added claim language does not differentiate over the art of record because there is disclosed bid parameters "associated" with all participants (or parties) of the auction method.

Conclusion

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Alain L. Bashore whose telephone number is 571-272-6739. The examiner can normally be reached on about 7:30 am to 5:00 pm (Mon. thru Thurs.).

Art Unit: 1762

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Timothy Meeks can be reached on 571-272-1423. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Regarding all Class 705 applications, the management contact regarding examination is: Vincent Millin (SPE, art unit 3624) at 571-272-6747.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Alain L. Bashore
Primary Examiner
Art Unit 1762